

HMA TWOMEY PATTERSON

CHARTERED ACCOUNTANTS

Business & taxation advisers · Registered company auditors

DECEMBER 2007 - NEWSLETTER

ARE YOU ELIGIBLE FOR SMALL BUSINESS DROUGHT SUPPORT?

On 25 September 2007 the Government announced a new and improved drought assistance package for irrigators, dry land farmers and small businesses severely affected by the drought.

The small business drought assistance package has been extended to allow additional small businesses in towns with a population of 10,000 or less, located in Exceptional Circumstances declared areas to access Exceptional Circumstances income support and interest rate subsidies. To be eligible, the small business must be able to demonstrate a significant downturn in income due to their dependence upon farmers as clients.

Existing Support for Agriculture-dependant small business:

The existing small business drought assistance package will continue to help agriculture dependent small businesses. Small business owners who receive 70 per cent of their income from farm business in E.C declared areas and have up to 100 full time employees are still eligible to apply for income support and interest rate subsidies.

Access to Exceptional Circumstances assistance has improved:

- Increased the off-farm assets income exemption from \$10,000 to \$20,000 until June 2009
- Increased the off-farm assets limit for E.C interest rate subsidies from \$473,000 to \$750,000
- By allowing farmers to re-apply for E.C interest rate subsidies on new debt between application periods.

For more information contact your local Accountant at HMA Twomey Patterson or the Drought Assistance Hotline on 13 23 16 or visit:

www.daff.gov.au/droughtassist

NSW FARMERS ASSOCIATION & NRMA:

The NSW Farmers Association and NRMA have joined forces to make available 250 free holidays to NSW farming families who are suffering from drought related hardship. These holidays are available by application from the 14th November. Applications will be judged on merit and are available from both websites:

<http://www.nswfarmers.org.au> or www.mynrma.com.au

HAVE YOU INCURRED MEDICAL EXPENSES DURING THE 2007 TAX YEAR?

Many Taxpayers are not aware they may be entitled to a net medical expenses tax offset in their tax return. For every dollar of out-of-pocket medical expenses over \$1500 in the 2007 income year, you can get up to 20% back in your tax refund!

What are net medical OR out-of-pocket medical expenses?

These are the medical expenses you have paid, less any refunds you have received, or could receive, from Medicare or a private Health Fund.

Who can you claim for?

The medical expenses must be for you, your spouse or partner, your children under 21 or a dependant student under 25 who had income less than \$1786.

Claimable Medical Expenses – What are Included?

Expenses incurred for;

- Legally qualified doctors
- Nurses
- Chemists – prescription medication
- Public or private hospitals
- In-vitro fertilisation procedures
- Some payments to Nursing Homes
- Dentists/Orthodontists (excluding cosmetic dental work)
- Optometrists (for spectacles and/or contact lenses)
- Guide Dogs
- Hearing Aids
- Laser eye surgery
- Therapeutic treatment at the referral of a doctor (physio, massage, chiropractic, acupuncture, speech therapy, treatment for dyslexia)
- Medical Aids prescribed by a doctor (wheelchairs, crutches, bandages, plaster & strapping, oxygen equipment, surgical shoes & boots, medical wigs)
- A carer who looks after a person who is blind or permanently confined to a bed or wheelchair

Medical expenses **do not** include any travel or accommodation expenses associated with medical treatment.

What if I haven't kept all my receipts or records?

Contact Medicare and your private health care fund (if applicable) to organise a financial year summary for you and your family's medical expenses and benefits paid. Your pharmacy should be able to provide a print-out of your family's prescription medication for the year.

CLIENT'S REALLY NEED TO KNOW THE RESPONSIBILITIES THEY ARE TAKING ON WHEN ACTING AS A TRUSTEE OF A SELF MANAGED SUPER FUND.

ATO – NO MORE MR NICE GUY -SMSFS TRUSTEES FINED!

In what seems to be a first (we cannot find previous reported cases), the ATO has successfully prosecuted the trustees of a self managed superannuation fund. The trustees were fined, in total, \$30,000 in civil penalties and ordered to pay the ATO's legal costs of \$32,500 for breaching the sole purpose test and the financial assistance prohibition.

The case is *Deputy Commissioner (Superannuation) v Fitzgerald* a decision of the Federal Court – reference (2007) FCA 1602.

Mr & Mrs Fitzgerald were the trustees of their self managed superannuation fund. The fund had been operating without incident for a number of years. However, in early 2001, Mr Fitzgerald was sued for an amount of \$130,000 by the liquidator of a company associated with Mr Fitzgerald.

The claim by the liquidator was settled by the trustees selling fund assets and paying the substantial portion of the sale proceeds to the liquidator. The balance of the proceeds was paid to Mr Fitzgerald. Also, other payments were made to Mr Fitzgerald from the SMSF.

The payment to the liquidator and the payments to Mr Fitzgerald were, in effect, unauthorised benefit payments as Mr Fitzgerald had not satisfied a release condition.

The ATO commenced proceedings for civil penalties to be made against Mr & Mrs Fitzgerald for breaching the sole purpose test (as they permitted the fund to pay unauthorised benefits and therefore the fund was not being maintained for approved purposes) and for breaching the prohibition against the provision of financial assistance to members (as the trustees allowed fund assets to be used to discharge a personal liability of a member).

The Court imposed a \$20,000 civil penalty fine on Mr Fitzgerald and a \$10,000 civil penalty fine on Mrs Fitzgerald, the lower fine reflecting less culpability. Additionally, the Fitzgeralds were ordered to pay \$32,500 to the ATO on account of its litigation costs.

Matt Moon - *Financial Advisor*
HMA Twomey Patterson

AGRIBUSINESS MANAGER:

We are pleased to announce that we have appointed Anna Booth to the position of Agribusiness Manager for the firm. Anna will be based in the Coota office but will be servicing rural clients in the whole area covered by the firm. Previously in the 1990s "Twomey & Twomey" had an employee, Neville Faulks who provided an excellent on farm service to our rural clients for the Cootamundra & Young offices. We are now able, with the appointment of Anna, to provide an on the farm service to cover all requirements for our clients.

We will commence the service in January 2008 and are confident that our rural clients who are presently feeling the pinch will appreciate a visit to their farm and appreciate Anna's helpful & supportive approach.

DEPARTMENT OF INDUSTRIAL RELATIONS:

A number of businesses throughout the region have been subject to audits from the Department of Industrial Relations in recent months. Employers need to ensure that they provide:

- Pay Slips to all employees
- Maintain adequate time and pay records – recording hours worked
- Ensure adequate Long Service Leave records are maintained for all staff including any casual employees.
- Provide employees under the age of 18 years with pay & conditions at least comparable with NSW Award or legislation
- Checking the appropriate Award to ensure that the current pay rates are correct

For further information contact the Dept of Industrial Relations on 131 627 or access the website www.nsw.industrialrelations.nw.gov.au

POSITION VACANT – COOTAMUNDRA OFFICE:

Due to an increasing workload and client base, we require the services of a qualified or almost qualified Accounting/Business/Agricultural Economics Graduate to work in our Cootamundra Office. For further details, please view the listing and job description on our website at www.hmatp.com.au

HOME LOAN AND COMMERCIAL LENDING:

At the moment two members of our team, Phillip Miller and David Webster are undertaking the accreditation process to enable the firm to offer direct home loan and commercial lending to the firms clients. It is envisaged that the accreditation process will be completed by Phillip and David in January 2008.

Being accredited direct lenders will give our clients greater access to a broad range of lending products both in the home loan and commercial lending areas.

We will keep you posted and provide further information when the accreditation process has been completed.



The partners and staff of HMA Twomey Patterson would like to wish all our clients a safe and Happy Christmas and a prosperous New Year. Our offices will be closed from 1.00 pm on Friday 21st December through until 8.30 am on Monday 7th January 2008.

The articles contained in this newsletter are intended for information only and not for advice. For further information or advice, please contact your nearest office.

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